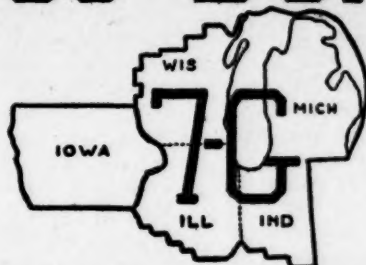


# BUSINESS CONDITIONS

SEVENTH  
FEDERAL



RESERVE  
DISTRICT

Volume 11, No. 3

MONTHLY REVIEW PUBLISHED BY THE  
FEDERAL RESERVE BANK OF CHICAGO

March 1, 1928

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

**I**NDUSTRIAL production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

**PRODUCTION**—The increase of 6 per cent in industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. Daily average production of steel ingots increased by over 25 per cent in January, the largest monthly increase since 1924. Buying of steel products by the railroads, and by the automobile and construction industries, was also active in January, and notwithstanding the larger volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February, production of steel products has continued active, with new orders and shipments more nearly in balance than in previous months. Automobile production (passenger and truck) which in December was in smallest volume since 1922, increased considerably in January and was only slightly smaller than in the same month of the preceding year.

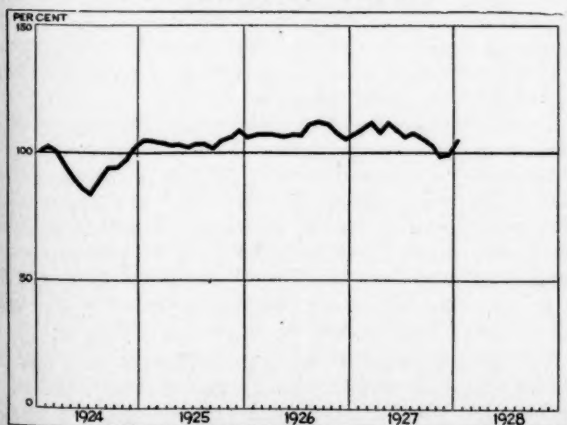
Cotton consumption showed about the usual seasonal increase in January following substantial curtailment in December, and the woolen and silk industries were somewhat more active than in December. Production of minerals,

after adjustment for customary seasonal changes, was in practically the same volume in January as in December. Building contracts awarded in January exceeded those for the corresponding month of last year, and awards during the first half of February were in practically the same volume as a year ago.

**TRADE**—Sales of department stores showed more than the usual seasonal decline in January from the high levels reached in December, and averaged slightly smaller than in January of last year. Sales of mail-order houses, on the other hand, were about 6 per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger. Freight carloadings for all groups of commodities were larger in January than in December, the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes of commodities except live stock, were smaller.

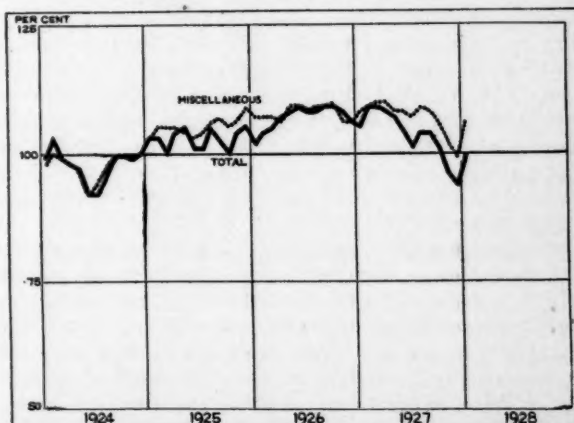
**PRICES**—The Bureau of Labor Statistics index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm and hide and leather products in-

INDUSTRIAL PRODUCTION



Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, January, 1928: 105.

RAILROAD FREIGHT CARLOADINGS



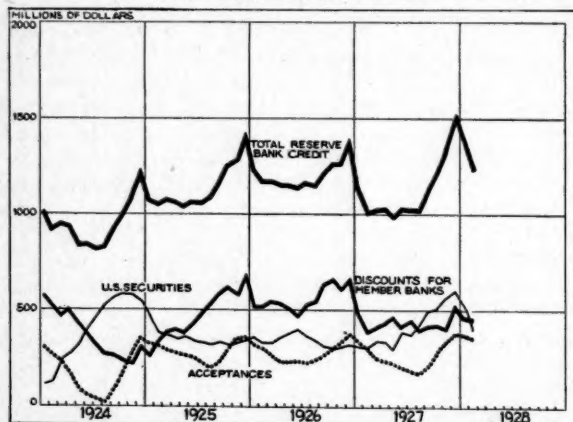
Cars of revenue freight loaded, as reported by the American Railway Assn. Index numbers adjusted for seasonal variations (1923-1925 average = 100). Latest figures, January, 1928: Total, 100; Miscellaneous, 106.

Compiled February 25, 1928

creased, while prices of meats and dairy products, textiles, fuels, nonferrous metals, and rubber declined. During the first two weeks of February, prices of grains, cotton, silk, and wool advanced, while those of cattle, sugar, and rubber declined.

**BANK CREDIT**—For the four weeks ending February 15, total loans and investments of member banks in leading cities showed a decline of more than \$200,000,000, the decline being almost entirely in loans on securities. From the peak at the turn of the year, this class of loans decreased by nearly \$460,000,000. Loans for commercial purposes, after a further decline in January, showed a seasonal increase in the first two weeks of February. The decline in the volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase.

RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 22 days in February, 1928: Total Reserve Bank Credit, 1,235 million; Discounts for Member Banks, 464 million; Acceptances, 364 million; U. S. Securities, 407 million.

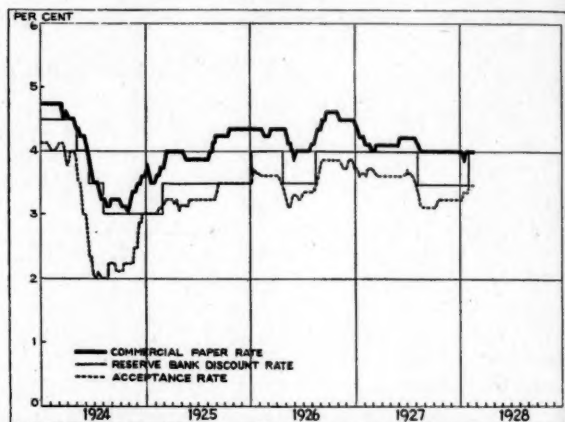
## BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

**M**ANY indications of improvement have been evident in the Seventh district so far this year over conditions prevailing the early part of 1927. Agricultural machinery and equipment production, iron and steel output, operations at casting foundries, and passenger automobile production are larger. In distribution phases, sales at department stores, retail furniture and shoe trade show aggregate gains over last year; wholesale and retail sales of automobiles likewise have increased. Wholesale grocery, hardware, drug, and shoe sales are larger this year. January building contracts awarded in the district exceeded those of any January on record, and permits issued also were above a year ago. Declines in the comparisons with the early months of 1927, include production of shoes and leather, and output by furniture manufacturers. There was likewise a decrease in sales of wholesale dry goods and electrical supply dealers.

Changes that have taken place over the closing months of 1927 include acceleration in automobile production schedules, a further expansion in activities at steel mills and casting foundries, and increased output of agricultural machinery. Cement and brick plants are running at a low rate of activity, operations at shoe and furniture factories are curtailed, and leather production has decreased. January retail trade declined seasonally from December, and wholesale trade was also smaller. Distribution of automobiles at wholesale and at retail increased. Retail sales of lumber were larger than in December.

At the reserve banks the total volume of member bank borrowing declined seasonally during the opening weeks of the year and reached a low point on January 25, but increased by about \$70,000,000 between that date and February 21. This increase in discounts accompanied smaller reductions in the reserve banks' holdings of United States securities and acceptances, and the total volume of reserve bank credit in use showed an increase for the four weeks. During the four weeks ending February 21, a firmer tendency in the money market was indicated by increased rates on call and time loans, and by a further increase from  $3\frac{1}{4}$  per cent to  $3\frac{1}{2}$  per cent in the rate on 90-day bankers' acceptances. Between January 25 and February 21, discount rates at eleven Federal Reserve banks were advanced from  $3\frac{1}{2}$  to 4 per cent.

MONEY RATES



Weekly rates in New York money market—Commercial paper rate on 4 to 6 months' paper, and acceptance rate on 90-day paper. Latest figures, third week in February, 1928: Commercial Paper Rate, 4 per cent; New York Reserve Bank Discount Rate, 4 per cent; Acceptance Rate,  $3\frac{1}{2}$  per cent.

In agricultural production and foodstuffs, the quantity of butter manufactured in the district was seasonally larger in January and also above last year. Production and sales at meat packing plants increased over December, although sales were smaller than a year ago. Flour production gained over last January. Inventories on February 1 at packing plants and cold-storage warehouses were heavier in both the monthly and yearly comparisons, while those of dairy products declined from January 1, with cheese and eggs lower than a year ago and butter higher. February 1 stocks of wheat were smaller, but larger in other grains than a month previous, while in the comparison with last year an opposite trend was shown.

Among financial features may be noted January commercial paper sales at the highest level since last August, though below a year ago; sales of bankers' acceptances less than in December, but much larger than last January; a decreased volume of payment by check from the preceding month and greater than in January, 1927; and a similar trend in savings deposits. The Chicago bond market was active. A slight firming in commercial paper rates has been felt, although the supply of funds continues large.

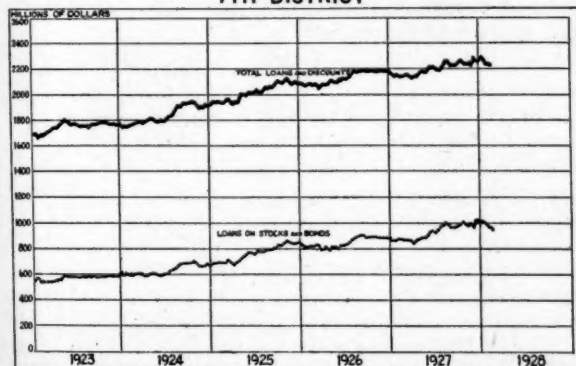
## CREDIT CONDITIONS AND MONEY RATES

Funds continue plentiful in the district, the volume of demand for bank accommodation showing a downward tendency since the first of the year, both for commercial purposes and loans on stocks and bonds. In Chicago, while banks indicate that they are fairly well loaned up and there

have been short periods when an undercurrent of tightening has been felt, easy conditions prevail, and rates, save for a slight firming trend in commercial paper quotations, have remained unchanged. The average rate earned on loans and discounts by ten Chicago banks during the calendar month of January was 4.79 per cent, compared with 4.87 in December and 5.02 in January a year ago. General improvement in the credit and business situation is reported in Detroit, accompanied by a firming trend in money rates. The prevailing rate on commercial loans in Detroit during the week ending February 15 was 5 to 6 per cent, the same as for the corresponding week in January. The average rate earned on loans and discounts by six Detroit banks in January was 5.32 per cent as against 5.31 per cent in December. Some manufacturing centers report a greater volume of activity, reflected in slightly heavier demand for banking accommodation.

Total bills and securities of the Federal Reserve Bank of Chicago on February 15 amounted to \$157,396,000 as compared with \$203,142,000 January 18, continuing the downward trend in the volume of reserve bank credit in use in the Seventh district. Loans to member banks decreased from \$64,131,000 January 18 to \$47,765,000 February 15, the latter figure representing a drop of about two million from the preceding week. Federal Reserve notes have changed little in volume since the end of January, but are at a lower level than a month ago, on January 18 amounting to \$237,401,000 and on February 15 to \$231,520,000.

#### LOANS AND DISCOUNTS REPORTING MEMBER BANKS—7TH DISTRICT



Latest figures, February 15, 1928, in thousands of dollars: Total Loans and Discounts, 2,225,746; Loans on Stocks and Bonds, 949,063.

Loans and discounts of reporting member banks in the district declined approximately sixty million between January 18 and February 15, totaling \$2,225,746,000 on the latter date compared with \$2,285,494,000 on the former. This decrease took place for the most part in Chicago and Detroit, the aggregate for other selected cities moving slightly upward. Investment holdings of reporting member banks, after showing a distinct upward movement from the beginning of the year, following January 25 moved in the opposite direction; \$905,982,000 was reported February 15, compared with \$915,979,000 January 25, and \$903,063,000 January 18. Net demand deposits of Chicago and Detroit reporting members of the System have declined in the past month, though fluctuating from week to week, while those in other selected cities increased slightly. The total of the item for the district on February 8 was \$1,842,923,000 as against \$1,931,695,000 January 11, the corresponding reporting date in that month. On February 15, a total of \$1,862,589,000 was indicated. Time deposits of Chicago reporting member banks have shown a moderate upward trend,

subject to some fluctuation from week to week; in Detroit little change took place, while a moderate decrease was shown in other selected cities. For all reporting members in the district, a total of time deposits amounting to \$1,205,426,000 was shown February 15 compared with \$1,203,416,000 January 18.

January sales of commercial paper stood at the highest level since last August, with the aggregate for eleven dealers 27.2 per cent greater than in December but 17.5 per cent less than last year. Supplies remained fair to moderate, showing a slight improvement over December, while the demand was variously reported as fair to moderately good. The sales of three local concerns for the first two weeks of February totaled somewhat below the corresponding period of January, and the supply was indicated as slightly reduced. Selling rates remained steady in January, with a noticeable tendency at the close toward firmer levels; high was  $4\frac{1}{4}$  to  $4\frac{1}{2}$  per cent, a majority of firms quoting the first mentioned figure, and low was generally indicated as  $3\frac{3}{4}$  per cent, customary rates ranging between  $3\frac{3}{4}$  and 4 per cent. Rates for the first two weeks of February ranged from 4 per cent, conceded as the low (although some paper still moved at  $3\frac{3}{4}$  per cent), to  $4\frac{1}{4}$  and  $4\frac{1}{2}$  as high, with the customary figure around 4 per cent. Outstandings showed an irregular trend; the aggregate for five dealers was 0.4 per cent greater on January 31 than at the end of December and 1.5 per cent in excess of a year ago; for twenty-five firms located throughout the country, outstandings amounted to \$577,284,000.

Purchases in the Chicago open bill market by six dealers averaged on a weekly basis 2.9 per cent larger from January 19 to February 15 than for the period from December 15 to January 18; sales increased 72.1 per cent. Inter-office transactions gained 217.7 per cent in the amount received and 56.2 per cent in volume forwarded in the comparison. Bills were largely drawn against transactions in cotton, grain, rubber, sugar, provisions, wool, automobiles, canned goods, tobacco, furs, lumber, flour, turpentine, casings, rice, raisins, copper, and mahogany logs. Supplies of paper ranged from limited to fair. Demand averaged fair; a few houses reported it good at times. Sixty- and 90-day paper met the best demand. Quotations advanced one-eighth to one-fourth per cent for all maturities, selling rates on February 15 ranging from  $3\frac{1}{4}$  per cent for 30-day bills to  $3\frac{3}{4}$  per cent for those of 180 days. Holdings were reduced 25.1 per cent from January 18.

Acceptances of sixteen banks in the Seventh district aggregated 13.0 per cent more for January than in the preceding month, and were 13.7 per cent in excess of last year. Purchases decreased 24.5 per cent and increased 210.3 per cent in these comparisons, half the banks reporting declines in both instances. Sales for the month showed a falling off of 14.1 per cent from December, but were 217.9 per cent larger than a year ago. Bills accepted during the first half of February by three local banks represented transactions in coffee, crude rubber, packing-house products, iron, gasoline and benzol, fertilizer, raisins, sugar, potash, raw silk, burlap, lumber, dates, feathers, tobacco, tea, grain, casings, and shoes. Bankers' liability for outstanding acceptances totaled 5.8 per cent less than at the close of December, and was 39.3 per cent greater than on the corresponding date in 1927. January 31 holdings increased 12.4 per cent over the preceding month and declined 10.2 per cent from last year; individually, however, half the banks reported recessions in the first and gains in the latter comparison. Bills held by originating banks gained 80.3 per cent in volume over December 31, but were reduced 23.1



per cent from a year ago. The Federal Reserve Bank of Chicago purchased \$53,580,656 of bankers' acceptances during January and had \$59,039,908 of this class of bills in its portfolio at the close of the period.

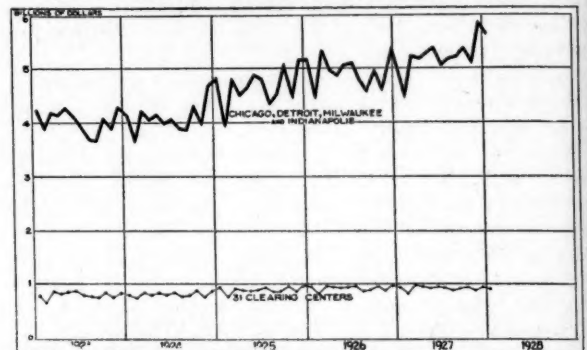
**Savings**—A decline of 1.0 per cent in total deposits and of 1.1 per cent in average amount, and a gain of 0.1 per cent in number of accounts were shown in Seventh district savings on February 1 compared with December 31, according to a compilation for 208 banks. Gains of 3.3, 1.8, and 1.5 per cent, respectively, were recorded over a year ago. The decrease in average accounts in Iowa marked the only recession in state totals from February 1, 1927. Michigan figures exceeded those of the preceding month; total deposits gained in Iowa, and the number of accounts declined in Illinois and Wisconsin in the comparison with December 31. Individually, two-thirds of the banks reported lower deposits than a month previous, while four-fifths showed totals in excess of last year.

**Bonds**—The Chicago bond market has exhibited a considerable degree of activity, for which the large volume of funds seeking investment and corporate refunding are mainly responsible. The demand for public utility and foreign issues has been strong, that for the latter class increasing markedly in recent weeks. Great interest on the part of the investing public has also been shown in higher grade industrials and municipals. Real estate bonds continue scarce, and the demand is only partially met. The volume of new issues has tended to diminish, permitting dealers to clear their shelves of some accumulation during the early weeks of the year.

**Volume of Payment by Check**—A volume of check pay-

ment aggregating \$6,560,522,000 was reported during January by thirty-seven clearing house centers in the district, a drop of 3.6 per cent from December, and a rise of 9.7 per cent over January, 1927. The four larger cities in the district, Chicago, Chicago, Detroit, Milwaukee, and Indianapolis, declined 3.6 per cent in the total from the preceding month, and showed an increase of 12 per cent as compared with the corresponding month of 1927; Chicago with \$4,181,591,000 decreased 3.7 per cent in the monthly, and gained 14 per cent in the yearly comparison. Thirty-three smaller reporting centers moved downward 4.1 per cent and 2.3 per cent, respectively, in the two comparisons.

**VOLUME OF PAYMENT BY CHECK**  
Checks Drawn on Clearing House Banks—7th District



Figures used are estimates for calendar months, based on weekly reports to this bank. Latest figures, January, 1928, in thousands of dollars; Chicago, Detroit, Milwaukee, and Indianapolis, 5,620,741; 31 Other Clearing House Centers, 909,915.

## AGRICULTURAL PRODUCTION AND FOODSTUFFS

The United States Bureau of Agricultural Economics estimates the number and gross value of live stock on farms in the United States, and in the five states including the Seventh Federal Reserve district, on January 1, 1928, compared with the corresponding date of 1927 as follows:

	(IN THOUSANDS)			
	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES	
	NUMBER	VALUE	NUMBER	VALUE
1928				
Swine, including pigs.....	21,692	\$272,539	58,969	\$ 709,217
Cattle and calves.....	11,405	731,258	55,696	3,014,086
Lambs and sheep.....	4,094	43,996	44,545	455,224
Horses and colts.....	3,475	285,807	14,541	975,298
Mules and mule colts.....	376	31,449	5,566	443,097
1927				
Swine, including pigs.....	20,401	352,270	54,408	868,842
Cattle and calves.....	11,876	627,470	56,872	2,409,077
Lambs and sheep.....	4,361	44,283	41,846	406,231
Horses and colts.....	3,603	289,188	15,145	971,258
Mules and mule colts.....	376	31,769	5,679	423,010

**Grain Marketing**—Interior primary markets in the United States handled a smaller tonnage of wheat during January than in the preceding month, although the volume exceeded a year ago and the 1923-27 average for the period. Receipts of oats declined and reshipments of the grain increased at these centers in comparison with December and last year, while the quantity showed a recession from the five-year January average; the movement of corn gained in all three comparisons. United States visible supplies of wheat were smaller, and inventories of other grain were larger on February 11 than on the corresponding Saturday in January. Holdings of oats, rye, barley, and corn showed a considerable recession from February 12, 1927, but wheat stocks were decidedly greater. January trading in grain futures by members of the Chicago Board of Trade decreased 31.2 per cent in volume from December and totaled 9.6 per cent below a year ago; commitments for corn and oats, however, were in excess of last January. Grain prices firmed slightly at the beginning of 1928, though failing to resume the early December level, and after holding fairly steady throughout the month, in contrast to a downward tendency at the close

of 1927, quotations for wheat, corn, rye, and oats at Chicago averaged practically the same for January as for December.

### FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in January, 1928, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	DECEMBER 1927	JANUARY 1927	
Production (bbls.) .....	- 1.0	+13.7	32
Stocks of flour at end of month (bbls.) .....	-14.3	- 0.8	28
Stocks of wheat at end of month (bu.) .....	-10.1	- 1.9	28
Sales (volume) .....	+18.5	+11.9	14
Sales (value) .....	+16.7	+ 6.1	14

Production includes wheat and other flours. Balance of items refer to wheat flour only.

**Meat Packing**—January production at slaughtering establishments in the United States gained in volume over December and a year ago. Employment for the last payroll of the month showed an increase of 3.9 per cent in number, and owing to an additional working day, of 24.7 per cent in hours worked, and 19.7 per cent in value, as compared with the corresponding period of December. Domestic trade averaged good for lard, fresh pork, smoked meat, and boiled ham; fair for lamb and dry salt products; and slightly draggy for beef. The aggregate value of sales billed to domestic and foreign customers by sixty packing houses in the United States was 2.8 per cent greater than in December and 6.7 per cent less than last January. Demand in domestic markets ranged between fair and good at the beginning of February. Inventories at packing plants and cold-storage warehouses in the United States on February 1 totaled in excess of those on January 1 and a year ago; recessions, however, were shown in beef and lamb holdings. Lard, frozen pork, and lamb stocks were above the 1923-27 February 1 average; inventories of other products declined. Chicago quotations firmed slightly in January for beef, advanced for veal, and ranged between steady and a little easier for mutton in comparison with the preceding month. Prices averaged higher for hams and bellies but lower for

most other pork products than in December; a number of quotations trended slightly upward, however, after mid-month. January shipments for export were reported slightly larger than in December. Foreign demand remained fair for lard and rather quiet for most other products. Quotations in the United Kingdom continued somewhat below those of the United States; prices on the Continent averaged about on a parity with Chicago. February 1 consignment inventories already abroad and in transit to European countries were indicated as slightly greater for lard and somewhat smaller for meats than a month previous.

**Dairy Products**—Butter production in this district showed a seasonal expansion of 14.4 per cent in January over the preceding month and totaled 2.0 per cent more than a year ago, according to statistics compiled from the reports of sixty-eight creameries. Similar trends were indicated for the United States by figures of the American Association of Creamery Butter Manufacturers. The quantity of sales billed to customers by seventy companies located in the Seventh district decreased 12.7 per cent from December, but was 9.0 per cent ahead of January last year. Figures reported to this bank during the calendar year 1927 exceeded those of 1926 by 4.2 per cent in volume of production and 2.8 per cent in tonnage sold. Receipts of American cheese at Wisconsin primary markets from factories within the state increased 16.7 per cent during the five weeks ended February 4 over the preceding period, and were 7.4 per cent larger than a year ago; redistribution from these centers gained 37.8 per cent and 17.6 per cent in the respective comparisons. February 1 inventories of dairy products at cold-storage warehouses and packing plants in the United States were seasonally smaller than at the beginning of January;

butter holdings increased, and stocks of cheese and eggs declined in comparison with a year ago and the 1923-27 February 1 average. A larger supply of butter and eggs and a smaller tonnage of cheese were received at Chicago during January than in the preceding month. Chicago quotations for the month eased slightly for cheese and eggs and declined for butter in comparison with those of December. Prices trended downward during early February.

**Movement of Live Stock**—January receipts of hogs at public stock yards in the United States were greater than those of any other month since January, 1925; lamb arrivals increased over December, but decreased in comparison with a year ago; each of the items exceeded the 1923-27 average for the period. Cattle and calf receipts showed a slight gain in volume over a month previous but were below last year and the 1923-27 average for January.

#### LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District				
January, 1928	234,248	1,233,951	336,928	118,291
Federally Inspected Slaughter U. S.				
January, 1928	711,104	5,478,968	1,150,520	383,264
December, 1927	761,143	4,868,608	1,093,964	376,486
January, 1927	786,373	4,513,543	1,114,889	396,652

Reshipments to feed lots receded to seasonally low levels, with January reshipments of sheep and lambs totaling considerably less than a year ago and with an increased volume of cattle and calves over the corresponding month of 1927.

#### AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED FEB. 18 1928	JAN. 1928	MONTHS OF DEC. 1927	JAN. 1927
Native Beef Steers (average)	\$12.80	\$13.90	\$13.25	\$10.20
Fat Cows and Heifers	9.00	8.90	8.50	6.40
Hogs (bulk of sales)	8.10	8.30	8.35	11.95
Yearling Sheep	13.85	10.80	10.30	10.25
Lambs	15.50	13.05	13.20	12.55

### INDUSTRIAL EMPLOYMENT CONDITIONS

Employment at industrial plants of the Seventh Federal Reserve district showed a further curtailment during the December 15 to January 15 period, the declines amounting to 1.5 per cent in number of workers and 4.6 per cent in their earnings. The downward trend included practically all the reporting industrial groups, stone, clay and glass products leading with the heaviest reduction, 6.3 per cent, and rubber products second, with a lay-off of 5.3 per cent. An exception to the prevailing trend was furnished by the textiles and textile products group, in which increased activity in the manufacture of women's clothing resulted in an additional employment of 1.5 per cent in workers and a gain of 2.0 per cent in aggregate payrolls. Inactivity at car and locomotive shops was responsible for the heavy decreases reported for vehicles, as automobile and accessories plants have shown a steady expansion since the beginning of the year. According to the Employers' Association of Detroit, the volume of employment in that city increased 10

per cent during the five-week period ended February 7, on which date the level was 2.6 per cent above a year ago. Operations at furniture and musical instrument factories were at a low point during the month, which is normal for the season. All food products with the exception of beverages contributed to the decline in this group. Under metals and metal products, iron and steel mills and the manufacture of agricultural implements continued the upward trend noted during the preceding month, but electrical apparatus and machinery showed heavy declines.

Unemployment was further increased by the sharp reductions made in wholesale and retail sales forces and by continued lay-offs in the construction industry. At the free employment offices of Illinois the ratio of applicants to available positions rose from 180 per cent to 239, in Iowa from 250 to 275, while for Indiana the records showed a slight drop from 200 per cent to 196 during the month of January.

#### EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED JAN. 15, 1928	DEC. 15, 1927	PER CENT CHANGE	WEEK ENDED JAN. 15, 1928	DEC. 15, 1927	PER CENT CHANGE
All groups (10)	316,111	320,987	-1.5	\$8,172,315	\$8,566,379	-4.6
Metals and metal products (other than vehicles)	124,922	126,857	-1.5	3,189,492	3,287,936	-3.0
Vehicles	22,965	23,845	-3.7	591,985	663,574	-10.8
Textiles and textile products	27,512	27,105	+1.5	640,824	628,228	+2.0
Food and related products	44,697	45,718	-2.2	1,237,269	1,230,667	+0.5
Stone, clay, and glass products	11,506	12,282	-6.3	326,893	337,293	-3.1
Lumber and its products	26,973	27,270	-1.1	596,671	662,933	-10.0
Chemical products	10,140	10,332	-1.9	265,920	281,388	-5.5
Leather products	14,070	13,961	+0.8	303,793	313,497	-3.1
Rubber products	3,966	4,188	-5.3	84,920	109,740	-22.6
Paper and printing	29,360	29,429	-0.2	934,548	1,051,123	-11.1



## MANUFACTURING ACTIVITIES AND OUTPUT

**Automobile Production and Distribution.**—An expansion in automobile production took place during January; output of passenger cars by manufacturers in the United States totaled 205,540, a gain of 93.8 per cent over December and of 3.0 per cent over January last year. The aggregate represents the first increase in the month-to-month comparison since August and in the yearly since September, 1926. Truck output in January of 26,007 declined 5.3 per cent from December and 33.8 per cent from a year ago.

Wholesale and retail distribution of automobiles in the Middle West showed a decided gain in the aggregate for January over December. As compared with a year ago, sales were also larger, except in the value at wholesale which totaled slightly less. The number of used cars sold in January increased over December and last January. Stocks of new cars on hand January 31 showed a gain in value over December 31 and over January 31, 1927, but the number was smaller; used cars held increased in both number and value over the preceding month, and in value over last year. Deferred payment sales of twenty-eight dealers averaged 34.3 per cent of their total retail sales in January, 40.0 in December, and 39.5 a year ago.

### MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in January, 1928, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	DECEMBER 1927	JANUARY 1927	
New cars			
Wholesale—			
Number sold .....	+252.3	+ 9.2	30
Value .....	+177.0	— 0.8	30
Retail—			
Number sold .....	+ 86.9	+20.0	78
Value .....	+22.8	+21.5	78
On hand January 31—			
Number .....	— 4.1	— 2.5	48
Value .....	+ 2.3	+12.0	48
Used cars			
Number sold .....	+26.3	+10.7	78
Salable on hand—			
Number .....	+ 8.6	—11.0	46
Value .....	+ 8.1	+13.3	46

**Agricultural Machinery and Equipment.**—Sales of agricultural machinery and equipment billed to domestic and foreign customers by seventy-five manufacturers in the United States showed increases in January over December of 11.7 per cent for the tractor, thresher, combination harvester-thresher group, of 68.8 per cent for "all other" (exclusive of barn supplies), and a decline of 39.3 per cent for barn equipment. Gains of 17.5 per cent in the heavy machinery group, 10.6 per cent in the light group, and 25.3 per cent in barn equipment were recorded over a year ago.

### PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in January, 1928, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	DECEMBER 1927	JANUARY 1927	
Domestic sales billed.....	+63.0	+11.7	75
Sales billed for export.....	—11.3	+17.7	42
Total sales billed.....	+44.5	+11.3	75
Production .....	+ 6.6	+11.5	70

Production computed from average employment during the month.  
Sales based on value.

**Iron and Steel Products.**—A larger volume of business was booked in January than in the preceding month by steel mills of the Chicago district, and operations continued to expand. New orders were well diversified in character. Unfilled orders of the United States Steel Corporation on January 31 totaled 4,275,947 tons, a gain of 303,073 tons over December 31 and 475,770 tons more than on the corresponding date a year ago. Average daily steel ingot production for the United States rose from 121,167 tons in December to 152,304 tons in January, the latter figure comparing with 144,611 tons for January last year. Pig

iron output for the country also increased in the daily average for January over the preceding month, but remained below the level of a year ago. Average daily production of pig iron in the Illinois and Indiana district increased over December, and was larger than in either January, 1927 or 1926.

Prices have shown improvement since the first of the year. The composite of fourteen leading iron and steel products (*Iron Trade Review*) stood at \$35.61 on February 15, which compares with \$35.33 January 18 and \$36.75 on February 16, 1927. Chicago pig iron is steady, but \$2.00 under the level of a year ago. Scrap metal prices at Chicago have been firm.

Both malleable and steel casting foundries of the Seventh district report a larger tonnage of orders booked, shipments, and production in January than in the preceding month or January, 1927. In aggregate value, there was a slight decline at steel casting foundries in orders booked from December and in shipments from a year ago, and at malleable foundries a decrease from the preceding month in shipments; other comparisons in the value of these items indicate increases. Orders booked during January by stove and furnace manufacturers reporting to this bank showed a very large gain over December, and also exceeded those of January last year; shipments were less in both comparisons, but production increased.

**Shoe Manufacturing, Tanning, and Hides.**—A smaller number of shoes was manufactured at factories in the Seventh district during January than in December; shipments increased slightly and were 6.4 per cent in excess of current production. For the calendar year 1927, production and shipment figures reported to this bank gained 7.5 per cent and 5.0 per cent, respectively, in comparison with 1926. Stock shoes reported on hand January 31, by twenty-six companies were equivalent in volume to 101.8 per cent of their December shipments. Unfilled orders on the books of twenty-three firms gave assurance of seven weeks' future operation at the rate of distribution in December.

### CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN JANUARY, 1928, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	DEC. 1927	JAN. 1927	DEC. 1927	JAN. 1927
Production .....	— 4.1	—8.5	30	30
Shipments .....	+11.4	+3.1	30	30
Stock shoes on hand.....	+ 3.2	—3.5	26	26
Unfilled orders .....	+ 6.4	—4.1	23	21

Leather production in the Seventh district declined in January from the preceding month and a year ago; sales billed to customers decreased from December, but were greater than for the corresponding period of 1927, according to reports sent direct to this bank by representative tanneries. Quotations firmed a little at the beginning of January, and then tended to ease slightly at the close of the month.

Packer green hide and calf skin markets were less active at Chicago during January than in the preceding month. Shipments of hides and skins from the city and purchases by district tanners also decreased from December. Prices advanced in January, and then declined toward the middle of February.

**Furniture.**—A seasonal increase of 130.0 per cent over the preceding month was shown in the volume of new orders booked during January by twenty-four furniture manufacturers in the Seventh district, only five firms indicating declines in this comparison; orders booked aggregated 8.3 per cent less than in January last year, with

two-thirds of the companies reporting declines. Shipments fell off 15.2 per cent from December and were 13.3 per cent below a year ago. Unfilled orders on hand January 31 gained 105.0 per cent and declined 21.6 per cent in the respective month-to-month and yearly comparisons. The January rate of operations was below December and January, 1927.

**Raw Wool and Finished Woolens.**—Demand for raw wool from manufacturers, who covered their needs in advance, was active through January, and all grades of wool moved freely. Prices advanced still further over December levels, and are now higher than in two years.

## BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Sales of lumber at 207 retail yards of the district showed a slight recovery from the heavy recession of the preceding month, an increase of 3.7 per cent offsetting some of the drop of 38.4 per cent reported for December. A decline of 3.5 per cent in dollar sales, but an increase of 2.8 per cent in the volume of sales measured in board feet, was reported by nineteen wholesale dealers. Comparisons with sales for January, 1927, indicate a decline of 11.9 per cent in value and of 3.7 per cent in volume for wholesale trade, and a loss of 1.1 per cent in the dollar amount of sales at retail. The ratio of outstanding accounts to retail sales was 416 per cent for January, as compared with 464 at the close of December and 410 a year ago. Wholesale accounts averaged 150 per cent of monthly sales, slightly higher than the 147 per cent recorded at the close of January a year ago and also than the December 31 ratio of 145 per cent. Stocks at retail yards showed some accumulation during the month and are slightly above a year ago, while those held by wholesalers indicate little change in either the monthly or yearly comparison. January receipts of lumber at Chicago were lighter than during the preceding month but somewhat larger than a year ago. Prices have

shown a slight downward trend, especially on the lower grades of lumber. In the cement industry both production and shipments continued at a low volume, normal in the month of January, while stocks are still accumulating. Prices show a softening tendency. In the brick industry prices remain steady, although here as at the cement plants activity was at a low point.

**Building Construction.**—Contracts awarded in the Seventh Federal Reserve district during January amounted to \$77,805,626, the highest total on record for this month. The figure exceeded that of January, 1927, by 35.3 per cent but was 38.7 per cent below the December volume. Residential contracts totaled \$37,663,395, about 20 per cent less than in December and 50 per cent more than a year ago. Permits issued in fifty cities of the district aggregated a decline of 15.0 per cent in estimated cost, Detroit alone falling off 66 per cent, thereby offsetting the heavy increase that was registered by that city during December. In comparison with January, 1927, total permits showed an increase of 9.9 per cent in estimated cost. The number of permits was 11.1 per cent less than in December and 7.0 per cent more than in January, 1927.

than in December, and in dry goods, drugs, and shoes were also heavier than on January 31 last year. January collections decreased in all lines, but were larger than a year ago with the exception of electrical supplies. In dry goods and electrical supplies, prices trend downward; in drugs, they are stationary or lower; in groceries, steady; in hardware, firm or upward; and higher in shoes. Collections are reported as fair.

## MERCHANDISING CONDITIONS

**Wholesale Trade.**—January sales for each of five wholesale lines reporting to this bank fell below those of the preceding month; in the comparisons with January a year ago, in which electrical supplies and equipment were included, gains were reported in groceries, drugs, hardware, and shoes, although the majority of firms in all but groceries indicated declines. Stocks averaged generally higher

than in December, and in dry goods, drugs, and shoes were also heavier than on January 31 last year. January collections decreased in all lines, but were larger than a year ago with the exception of electrical supplies. In dry goods and electrical supplies, prices trend downward; in drugs, they are stationary or lower; in groceries, steady; in hardware, firm or upward; and higher in shoes. Collections are reported as fair.

WHOLESALE TRADE DURING THE MONTH OF JANUARY, 1928

	NET SALES DURING MONTH:		STOCKS AT END OF MONTH:		ACCOUNTS OUTSTANDING END OF MONTH:				COLLECTIONS DURING MONTH:	
	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	RATIO TO NET SALES DURING MONTH		PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR
Groceries .....	(36)—7.0	(36)+ 1.8	(24)+ 4.3	(24)—14.3	(32)— 0.2	(32)— 2.5	(32) 117.7		(26)—15.9	(26)+ 1.6
Hardware .....	(15)—19.4	(15)+ 1.3	(9)+10.0	(10)— 4.5	(15)— 3.3	(15)+ 7.3	(15) 249.5		(13)—20.4	(13)+ 2.7
Dry Goods .....	(13)—13.3	(12)— 6.1	(9)+23.5	(8)+ 5.2	(10)— 2.6	(9)— 3.8	(10) 361.0		(8)—38.5	(8)+ 1.5
Drugs .....	(13)— 3.1	(13)+ 1.1	(11)+ 4.0	(11)+ 0.7	(12)+ 5.4	(12)+ 5.3	(12) 152.1		(7)—15.0	(7)+ 3.5
Shoes .....	(8)—13.0	(8)+ 7.3	(5)+ 0.2	(5)+ 8.5	(7)— 5.5	(7)+ 6.2	(7) 367.3		(5)—22.8	(5)+24.5
Electrical Supplies and Equipment .....		(30)— 3.9		(29)— 3.9		(29)— 2.3	(29) 170.4			(21)—10.1

Figures in parentheses indicate number of firms included.

**Department Store Trade.**—A seasonal decline of 52.6 per cent from December was shown in the January sales figure for seventy-six department stores of the Seventh district. In comparison with a year ago, aggregate sales increased 6.5 per cent. Chicago and Detroit stores reported gains over last January, while the totals for Indianapolis and for fifty smaller centers showed declines in this comparison.

Stocks on hand January 31 averaged slightly less for the district than on December 31 or the corresponding date a year ago. Stock turnover for January was 29.1 compared with 26.4 last year. January collections exceeded considerably those in the preceding month and in January, 1927; accounts receivable at the end of the month declined in the former and increased in the latter comparison; the ratio of

January collections to accounts receivable December 31 was 42.8 per cent this year compared with 41.3 per cent in January, 1927.

**Retail Shoe Trade**—January shoe sales of twenty dealers and thirteen department stores of the district declined 52.9 per cent from December and averaged a gain of 3.1 per cent over January last year, although only slightly more than one-third the firms showed an increase in the latter comparison. Stocks on hand at the end of the month totaled 7.8 per cent less in the month-to-month and 0.4 per cent heavier in the yearly comparison, according to the reports of twenty-seven firms. Thirteen shoe dealers had accounts receivable on January 31 aggregating 2.3 per cent less than a month previous and 32.0 per cent below the corresponding date of 1927; January collections were 26.0 per cent larger than in December, but 11.7 per cent smaller than a year ago. The ratio of accounts receivable on January 31 to sales during the month was 72.8 per cent this year, as compared with 104.8 per cent in 1927 and 57.8 per cent for the preceding month.

**Retail Furniture Trade**—A decline of 36.9 per cent from the preceding month, and a gain of 6.5 per cent over a year ago were indicated in the January furniture sales of twenty dealers and sixteen department stores reporting to this

bank. According to data for twenty-three firms, stocks on hand January 31 totaled 5.2 and 0.4 per cent less in the respective monthly and yearly comparisons. Installment sales of sixteen dealers were 41.9 per cent smaller in aggregate volume than in December and 2.2 per cent below January, 1927. Collections on these sales, as reported by thirteen firms, averaged 2.4 per cent less than in the preceding month or a year ago; total collections of eighteen dealers declined 14.1 and 1.5 per cent, respectively, in these comparisons. Accounts receivable at the end of January totaled 4.3 per cent less than a month previous and showed little change from the corresponding date of 1927.

**Chain Store Trade**—Aggregate sales for January of twenty-three chains in the Seventh district, with 2,080 stores, declined 48.1 per cent from December, and increased 8.2 per cent over a year ago. All reporting groups—groceries, five-and-ten-cent, drug, cigar, musical instruments, men's and women's clothing—showed recessions in the month-to-month comparison, while sales of grocery, drug, five-and-ten-cent, and men's clothing chains exceeded those in January last year. There was a slight increase over December in the number of stores in operation, and a gain of about 15 per cent over a year ago.

## MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	Jan. 1928	Dec. 1927	Jan. 1927	Dec. 1926
<b>Meat Packing—(U. S.)—</b>					
Sales (in dollars).....	59	103.9	101.0	111.4	104.5
<b>Casting Foundries—</b>					
Shipments:					
Steel—In dollars.....	16	70.7	55.7	72.9	70.7
In tons.....	16	76.0	52.0	72.0	70.3
Malleable—In dollars.....	18	57.3	58.0	54.5	62.5
In tons.....	15	85.1	77.4	75.9	75.7
<b>Stoves and Furnaces—</b>					
Shipments (in dollars).....	12	53.0	86.5	54.5	87.7
<b>Agricultural Machinery &amp; Equipment—(U. S.)—</b>					
Domestic Sales (in dollars).....	83	126.1	82.4	105.6	80.4
Exports (in dollars).....	56	114.3	133.8	93.5	95.8
Total Sales (in dollars).....	83	123.2	90.7	103.7	82.8
Production.....	81	148.8	136.0	136.9	124.8
<b>Furniture—</b>					
Orders (in dollars).....	27	122.5	57.3	145.4	75.4
Shipments (in dollars).....	27	71.8	84.6	94.9	105.1
<b>Shoes—</b>					
Production (in pairs).....	32	85.4	87.6	94.9	105.7
Shipments (in pairs).....	32	91.4	83.4	87.2	97.9
<b>Electric Energy—</b>					
Output of Plants (KWH).....	8	153.1	150.0	139.6	139.4
Industrial Sales (KWH).....	8	151.2	142.1	130.5	126.7
<b>Flour—</b>					
Production (in bbls.).....	34	101.9	103.0	89.7	99.3
<b>Output of Butter by Creameries—</b>					
Production.....	74	89.3	77.8	87.8	81.1
Sales.....	74	91.5	102.1	85.7	103.8
<b>Automobiles—</b>					
Distribution in Middle West:					
New cars—Wholesale—Number sold.....	36	96.1	33.6	88.0	63.6
Value.....	36	70.1	31.5	70.7	50.7
New cars—Retail—Number sold.....	89	57.0	31.1	44.7	58.7
Value.....	89	60.7	51.0	48.8	64.4
New cars—On hand—Number.....	53	114.4	117.5	117.6	97.7
Value.....	53	125.0	122.3	116.3	96.7
Used cars—Number sold.....	83	88.4	69.0	75.2	93.7
Value.....	51	143.5	131.4	152.9	131.7
Used cars—On hand—Number.....	51	148.0	136.1	122.4	109.7
Value.....	69	69.8	36.0	67.8	47.5
Production (U. S.): Passenger cars.....	72.5	76.6	109.5	78.2	
<b>Freight Carloadings—(U. S.)—</b>					
Grain and Grain Products.....	107.5	98.0	102.1	95.3	
Live Stock.....	101.2	88.9	100.6	89.4	
Coal.....	107.2	99.4	134.1	126.3	
Coke.....	93.4	84.1	106.3	101.4	
Forest Products.....	86.1	73.9	94.0	77.6	
Ore.....	21.3	21.4	25.9	25.3	
Merchandise and Miscellaneous.....	94.5	92.3	98.7	93.4	
Total.....	94.1	89.4	102.1	95.5	
<b>Iron and Steel—</b>					
Pig Iron Production: <sup>2</sup>					
Illinois and Indiana.....	113.3	100.1	102.9	103.7	
United States.....	94.3	88.5	101.9	101.5	
Steel Ingot Production—(U. S.) <sup>2</sup> .....	114.3	90.9	108.5	100.1	
Unfilled Orders U. S. Steel Corp.....	89.5	83.2	79.6	82.9	
<b>Wholesale Trade—</b>					
Net Sales (in dollars):					
Groceries.....	37	85.0	90.4	83.7	94.1
Hardware.....	18	66.3	80.5	64.2	83.8
Dry Goods.....	12	61.1	71.1	64.4	72.3
Drugs.....	11	92.1	91.5	93.4	93.3
Shoes.....	8	60.0	69.0	56.0	68.1
<b>Retail Trade (Dept. Stores)—</b>					
Net Sales (in dollars):					
Chicago.....	7	82.9	182.6	75.6	187.6
Detroit.....	4	111.8	235.8	92.7	207.4
Indianapolis.....	5	86.7	180.9	87.7	169.9
Milwaukee.....	5	85.9	180.5	83.6	180.0
Outside.....	55	77.1	164.1	78.9	167.3
Seventh District.....	76	90.9	192.5	84.7	183.9
<b>Retail Trade—(U. S.)—</b>					
Department Stores.....	565	88	186	89	184
Mail Order Houses <sup>3</sup> .....	4	113	180	108	166
<b>Chain Stores:<sup>3</sup></b>					
Grocery.....	27	418	450	347	373
Drug.....	9	228	279	209	261
Shoe.....	6	111	234	106	215
Five and Ten Cent.....	5	190	511	177	460
Candy.....	5	188	309	178	303
Music.....	4	96	176	94	223
Cigar.....	3	125	215	134	222
<b>Stamp Tax Collections:<sup>4</sup></b>					
Sales or Transfers of Capital Stock.....	194.2	150.1	119.6	64.3	
Sales of Produce on Exchange—Futures.....	63.7	65.9	73.1	80.8	
<b>U. S. Primary Markets:<sup>5</sup></b>					
<b>Grain Receipts:</b>					
Oats.....	51.7	55.6	58.6	49.6	
Corn.....	174.0	172.3	109.8	104.9	
Wheat.....	69.1	73.6	60.8	61.9	
<b>Grain Shipments:</b>					
Oats.....	39.4	35.1	33.3	49.2	
Corn.....	92.7	76.9	36.6	40.3	
Wheat.....	41.6	53.0	33.4	47.6	
<b>Building Construction—</b>					
Contracts awarded (in dollars):					
Residential.....	128.3	162.5	85.4	131.1	
Total.....	113.6	185.2	84.0	138.7	
<b>Permits:</b>					
Chicago.....	Number 46.0 44.3 48.4 56.1				
Cost.....	98.8 82.9 79.8 94.7				
Indianapolis.....	Number 55.3 38.4 33.1 48.3				
Cost.....	74.4 40.4 27.5 25.1				
Des Moines.....	Number 25.8 22.2 30.4 20.6				
Cost.....	11.9 14.6 30.6 70.7				
Detroit.....	Number 37.5 39.5 34.8 41.2				
Cost.....	41.5 121.7 58.5 97.3				
Milwaukee.....	Number 55.3 66.3 56.2 61.6				
Cost.....	41.3 86.4 97.8 69.9				
Others (45).....	Number 37.6 49.4 32.8 44.0				
Cost.....	62.0 68.2 55.2 117.7				
Fifty Cities.....	Number 43.3 48.8 39.4 48.1				
Cost.....	72.9 85.8 68.2 96.1				

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Average daily production; 3. Monthly average 1919=100; 4. First Illinois internal revenue district; 5. Monthly average receipts 1923-24-25=100.



